

## Message Text

UNCLASSIFIED

PAGE 01 SEOUL 03980 120652Z  
ACTION EA-12

INFO OCT-01 EB-08 ISO-00 /021 W  
-----078682 120654Z /10

P R 120516Z MAY 78  
FM AMEMBASSY SEOUL  
TO USDOC WASHDC PRIORITY  
INFO SECSTATE WASHDC 1025  
AMEMBASSY SINGAPORE  
AMEMBASSY TOKYO  
AMEMBASSY MANILA  
AMCONSUL HONG KONG

UNCLAS SEOUL 3980

E.O. 11652: NA  
TAGS: BENC, KS  
SUBJECT: MAJOR PROJECT - HYUNDAI MOTORS AUTOMOBILE BLANT  
EXPANSION

REF: SEOUL 2589, SEOUL 2306

### 1. PROJECT DESCRIPTION:

HYUNDAI MOTORS COMPANY (HMC) (WTDR: 04:77), A  
MEMBER OF THE HYUNDAI BUSINESS GROUP, PLANS TO EXPAND  
ITS AUTOMOBILE MANUFACTURING PLANT IN ULSAN IN THE SOUTH  
EASTERN COASTAL AREA OF KOREA. IT WILL INCREASE ITS PRESENT  
PRODUCTION CAPACITY OF 56,000 CARS PER YEAR TO A  
CAPACITY OF 200,000 CARS BY THE END OF 1980.

### 2. IMPLEMENTING OFFICE:

MR. KIM, YANG-SOO, DEPUTY MANAGER,  
OVERSEAS PROCUREMENT DEPARTMENT,  
HYUNDAI MOTORS COMPANY,  
#140-2, KEDONG, CHONGRO-KU, SEOUL, KOREA.  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SEOUL 03980 120652Z

CABLE: HYUNDAI MOTORS SEOUL  
TELEX: HDMOC K23521/K23522

### 3. COST AND FINANCING:

TOTAL PROJECT COSTS ARE PRESENTLY ESTIMATED AT  
DOLLARS 100 MILLION OF WHICH FOREIGN EXCHANGE COSTS OF

ABOUT DOLLARS 50 MILLION WILL BE FINANCED BY THE HYUNDAI MOTORS CO. ITSELF FOR THE IMPORTATION OF MACHINERY AND EQUIPMENT. PAYMENT WILL BE MADE BY IRREVOCABLE L/C'S AT SIGHT THROUGH A MAJOR BANK IN SEOUL, KOREA. NO EMPLOYMENT OF FOREIGN CONSULTANT SERVICES OR TECHNICAL LICENSING WILL BE REQUIRED FOR THIS PROJECT.

4. EXPECTED BID DATES:

SITE PREPARATION (CIVIL WORKS) FOR THE MODERNIZATION AND EXPANSION HAS RECENTLY BEGUN WITH COMPLETION OF THE TOTAL PROJECT EXPECTED BY THE END OF 1980. EQUIPMENT IMPORTATION AND INSTALLATION WILL TAKE PLACE DURING THE LATER PART OF 1978 AND 1979. ALTHOUGH HYUNDAI (TRADING) CORPORATION PERSONNEL HAVE BEEN ACTIVELY RESEARCHING RELATED PROJECTS (REFTEL), HMC INTENDS TO LOCATE SOURCES FOR THE NECESSARY EQUIPMENT FOR THIS ONE DIRECTLY FROM AMONG U.S. MACHINERY MANUFACTURERS/SUPPLIERS AND TO PROCURE TENDER PROPOSALS (QUOTATIONS) DIRECTLY FROM THEM.

5. POTENTIAL U.S. SALES:

HMC IS NOW PREPARING A DETAILED LIST OF ITEMS TO BE PURCHASED FOR SUBJECT PROJECT WHICH INCLUDES MACHINERY AND EQUIPMENT FOR:

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 SEOUL 03980 120652Z

- 1) GASOLINE AND DIESEL ENGINE PLANT
  - DRILLING MACHINERY
  - TAPPING MACHINERY
  - GRINDING MACHINERY
  - BORING MACHINERY
  - REAMING MACHINERY
  - LATHE
  - CUTTING TOOLS
  - HAND TOOLS
  - DOWER TOOLS
  - MEASURING TOOLS
  - ETC
- 2) FORGING PLANT
  - FORGING PRESS
  - BILLET SHEAR
  - MAGNETIC FLAW DETECTOR
  - HEAT TREATMENT EQUIPMENT FOR FORGING
  - SHOT BLAST MACHINERY
  - ETC
- 3) FOUNDRY PLANT
  - SHELL CORE MACHINERY
  - DIE CAST MACHINERY

MELTING FURNACE  
HOLDING FURNACE  
ETC  
4) DIE SHOP  
COPY MILLING MACHINERY  
PLANO MILLER  
LAY OUT MACHINERY  
MECHANICAL POWER PRESS  
5) PRESS PLANT  
STAMPING PRESS FOR CAR BODY  
SCRAP BALING MACHINERY  
ETC  
6) ENGINEERING CENTER  
ENVIRONMENTAL TEST EQUIPMENT  
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 SEOUL 03980 120652Z

EMISSION TEST EQUIPMENT  
VEHICLE SAFETY TEST EQUIPMENT  
NOISE AND VIBRATION TEST EQUIPMENT  
VEHICLE IMPACT/CRUSH TEST EQUIPMENT  
ETC  
7) ASSEMBLY PLANT FACILITIES AND EQUIPMENT  
(1) BODY ASSEMBLY JIGS AND FIXTURES  
(2) BODY REGISTER WELDING EQUIPMENT  
(3) CLINCHING MACHINERY  
(4) PAINT FACILITIES AND AUTO SPRAY EQUIPMENT  
(5) CONVEYOR SYSTEMS  
(6) HAND AND POWER TOOLS  
(7) AUTO TEST EQUIPMENT

6. POST COMMENTS:

MR. KIM, THE IMPLEMENTING OFFICER INDICATED THAT HMC, ESPECIALLY PRESIDENT CHUNG, SAE-YOUNG WOULD WELCOME BROAD U.S. INTEREST IN THIS PROJECT. HYUNDAI WOULD LIKE TO RECEIVE CATALOGUES, BROCHURES AND GENERAL PRICE INFORMATION FROM U.S. FIRMS DIRECTLY. ACCORDING TO MR. KIM, THE MAIN PURPOSE FOR COLLECTING SUCH INFORMATION BY HYUNDAI IS TO ESTABLISH A BASIS FOR PREQUALIFYING POTENTIAL BIDDERS FOR COMPETITIVE TENDERS WHICH WOULD BE ISSUED SHORTLY AFTER SELECTION OF BIDDERS. THE IMPLEMENTING OFFICER ADDITIONALLY INDICATED THAT HYUNDAI WILL CONSIDER SENDING ITS TOP ENGINEERS TO VISIT U.S. FIRMS TO HELP IN PREPARATION OF QUOTATIONS INCLUDING DETAILED DESCRIPTIONS WHEN HYUNDAI RECEIVES AFFIRMATIVE RESPONSES FROM QUALIFIED U.S. SUPPLIERS. EMBASSY STRONGLY SUGGESTS THAT ANY INTERESTED U.S. FIRMS CONTACT THE IMPLEMENTING OFFICER DIRECTLY ASAP TO PROVIDE CATALOGUES AND ANY OTHER INFORMATION ESTABLISHING THEIR EXPERIENCE AND ABILITY TO SUPPLY.  
UNCLASSIFIED

UNCLASSIFIED

PAGE 05 SEOUL 03980 120652Z

COMMERCE MAY WISH TO RELAY THIS INFORMATION TO AUTOMOTIVE ENVIRONMENTAL SYSTEMS INC. (A SUBSIDIARY OF CLAYTON MANUFACTURING CO.), 7300 Balsa Avenue, Westminster, California 92638, Telephone: (714) 897-0333 (ATTN: ROBERT W. WOLFER, ANAGER, INTERNATIONAL MARKETING); GLEASON WORKS, ROCHESTER, NEW YORK 14603, Telephone: (716) 473-1000 (ATTN: WILLIAM F. ARNOLDY, SENIOR MARKETING EXECUTIVE INTERNATIONAL); INDUCTOTHERM INTERNATIONAL CORP., 10 INDEL AVENUE, RANOCAS, NEW JERSEY 08073, Telephone: (609) 267-9000 (ATTN: J.M. CARLIDGE, VICE PRESIDENT); AND OTHER APPROPRIATE U.S. FIRMS. AFOREMENTIONED THREE U.S. FIRMS ARE ALREADY KNOWN TO HYUNDAI MOTORS FROM PREVIOUS BUSINESS CONTRACTS. MR. CHUNG, SAE-YOUNG, PRESIDENT OF HYUNDAI MOTORS, IS GIVING HIGH PRIORITY TO PROCURING THE NECESSARY EQUIPMENT FROM THE U.S. GIVEN THE AMOUNT OF POTENTIAL SALES, SPECIAL HANDLING IS SUGGESTED.  
SNEIDER

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978SEOUL03980  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780201-0894  
**Format:** TEL  
**From:** SEOUL  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780564/aaaacbyr.tel  
**Line Count:** 193  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 6c35969f-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 SEOUL 2589, 78 SEOUL 2306  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 16 mar 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2705967  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MAJOR PROJECT - HYUNDAI MOTORS AUTOMOBILE BLANT EXPANSION  
**TAGS:** BENC, KS  
**To:** COM  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/6c35969f-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014